

ModernGraham Valuation

Company Name:

Company Ticker BAX

Date of Analysis

9/11/2015

Baxter International
Inc



Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

Defensive Investor; must pass 6 out of the following 7 tests.

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$19,650,290,750	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.30	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Pass
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	28.73%	Fail
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	10.54	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.47	Pass

Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.

1. Sufficiently Strong Financial Condition	Current Ratio > 1.5	2.30	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.47	Fail
3. Earnings Stability	Positive EPS for 5 years prior		Pass
4. Dividend Record	Currently Pays Dividend		Pass
5. Earnings Growth	EPSmg greater than 5 years ago		Pass

Suitability

Defensive	Yes
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$3.41
MG Growth Estimate	0.79%
MG Value	\$34.39
MG Value based on 3% Growth	\$49.50
MG Value based on 0% Growth	\$29.02
Market Implied Growth Rate	1.02%

MG Opinion

Current Price	\$35.99
% of Intrinsic Value	104.66%
Opinion	Fairly Valued

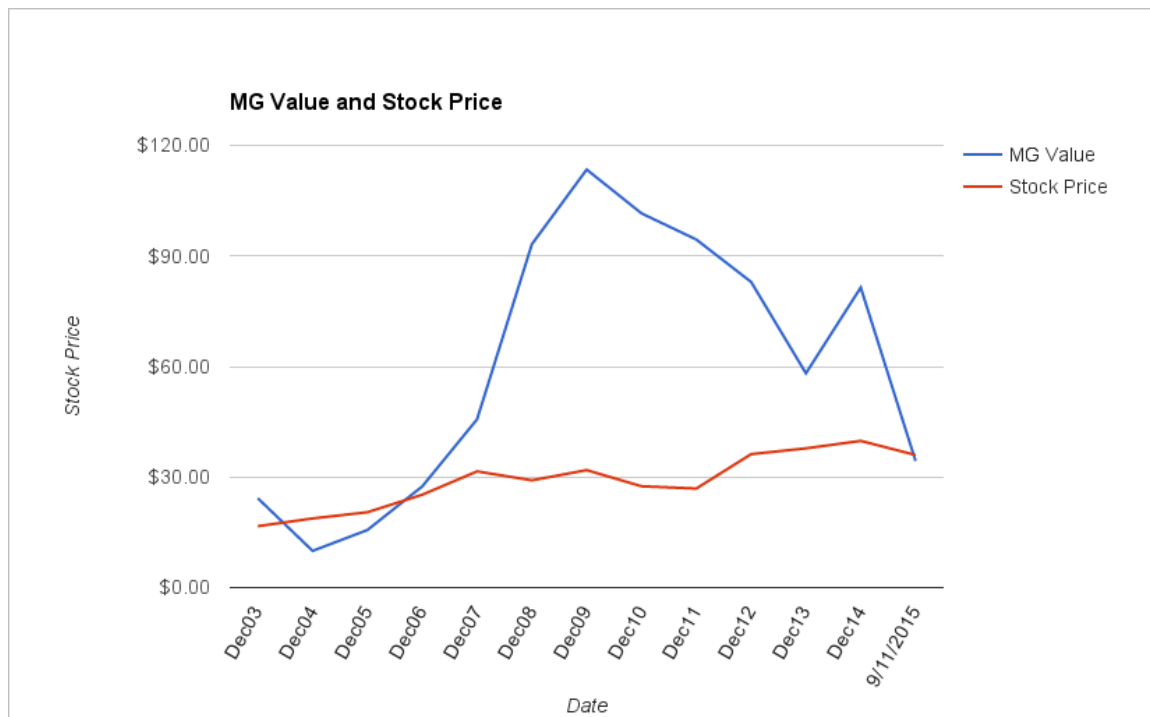
Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$13.72
Graham Number	\$25.38
PEmg	10.54
Current Ratio	2.30
PB Ratio	2.47
Dividend Yield	5.78%
Number of Consecutive Years of Dividend Growth	9

Useful Links:

ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha
GuruFocus	SEC Filings

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$1.95	Next Fiscal Year Estimate	\$3.41
Dec14	\$4.56	Dec14	\$4.01
Dec13	\$3.66	Dec13	\$3.67
Dec12	\$4.18	Dec12	\$3.60
Dec11	\$3.88	Dec11	\$3.24
Dec10	\$2.39	Dec10	\$2.88
Dec09	\$3.59	Dec09	\$2.95
Dec08	\$3.16	Dec08	\$2.42
Dec07	\$2.61	Dec07	\$1.92
Dec06	\$2.13	Dec06	\$1.52
Dec05	\$1.52	Dec05	\$1.20
Dec04	\$0.63	Dec04	\$1.06
Dec03	\$1.45	Dec03	\$1.27
Dec02	\$1.26	Dec02	\$1.15
Dec01	\$1.00	Dec01	\$1.04
Dec00	\$1.24	Dec00	\$1.04
Dec99	\$1.35	Dec99	\$0.94
Dec98	\$0.55	Balance Sheet Information Jun15 Total Current Assets \$14,497,000,000 Total Current Liabilities \$6,312,000,000 Long-Term Debt \$12,054,000,000 Total Assets \$30,015,000,000 Intangible Assets \$5,876,000,000 Total Liabilities \$22,027,000,000 Shares Outstanding (Diluted Average) 549,000,000	
Dec97	\$0.53		
Dec96	\$1.23		
Dec95	\$1.18		





Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author did not hold a position in any company mentioned in this article at the time of publication and had no intention of changing those holdings within the next 72 hours.

Recommended Reading:

Other
ModernGraham
posts about the
company

[Baxter International Analysis – June 2015 Update \\$BAX](#)
[18 Companies in the Spotlight This Week – 3/15/15](#)
[Baxter International Inc. Quarterly Valuation – March 2015 \\$BAX](#)
[22 Companies in the Spotlight This Week – 11/29/14](#)
[Baxter Corporation Quarterly Valuation – November 2014 \\$BAX](#)

Other
ModernGraham
posts about related
companies

[Cerner Corporation Analysis – September 2015 Update \\$CERN](#)
[Boston Scientific Inc. Analysis – September 2015 Update \\$BSX](#)
[Intuitive Surgical Inc. Analysis – September 2015 Update \\$ISRG](#)
[Dentsply International Inc. Analysis – August 2015 Update \\$XRAY](#)
[Becton Dickinson & Company Analysis – August 2015 Update \\$BDX](#)
[Align Technology Analysis – Initial Coverage \\$ALGN](#)
[Varian Medical Systems Inc Analysis – August 2015 Update \\$VAR](#)
[Psychemedics Corporation Analysis – August 2015 Update \\$PMD](#)
[C.R. Bard Inc. Analysis – August 2015 Update \\$BCR](#)
[Thermo Fisher Scientific Inc. Analysis – 2015 Update \\$TMO](#)